

ORIGINAL



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RECEIVED  
ARIZONA CORPORATION COMMISSION

305m

August 9, 2007

2007 AUG -9 A 10:41

Mr. Kyle Parker  
Ms. Kacy Parker  
Jake's Corner Water System  
HC 6 Box 1048L  
Payson, Arizona 85541

AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
**DOCKETED**

AUG -9 2007

Re: Jake's Corner Water System  
Docket Nos. W-04249A-04-0249 and W-03745A-04-0249  
Decision Nos. 67231 and 69583

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Dear Kyle and Kacy Parker:

Compliance Staff is in possession of the letter of communication which was faxed from the company on July 27, 2007. In the attached letter, the Company stated that the storage tank originally ordered by the Arizona Corporation Commission ("Commission" or "A.C.C.") in Decision No. 67231 is not needed due to some written comments made by the Arizona Department of Environmental Quality ("A.D.E.Q."). You summarized your discussion of the storage tank by stating that:

"Our understanding was that the storage tank for Jakes was not needed."

Please be advised that this is incorrect.

During an August 1, 2007 site visit, Staff met with Kyle Parker at Jake's Corner and verbally informed him that the storage tank was a current requirement of the commission. As a follow up to that verbal discussion, please accept this writing as formal, written response to the July 27, 2007 letter.

The storage tank originally ordered in Decision No. 67231 is a continuing requirement of the Commission and will remain so until such time as the Company provides evidence of compliance or the Commission amends its decision.

Further, Staff wishes to inform you that the Compliance Department and Utilities Division are disturbed at the continuing non-compliance of Jake's Corner relating to this storage tank issue. It seems illogical for the Company to state that they thought some recent ADEQ comments would override years of Commission efforts to see the storage tank installed.

The Company has been informed in writing and had stated in writing that it would install the storage tank. During the August 1, 2007 site visit, Staff provided a copy of Decision No. 67231,

Decision No. 69583 and an April 18, 2007 letter from you (both) where you state your intention to install the storage tank which you had "acquired" and was "on hand". According to Ms. Kimberly Battista of the Commission, this was reiterated at the Open Meeting relating to the OSC.

As background, the A.C.C. ordered the installation of a storage tank in Decision No. 67231, dated September 7, 2004. At that time, the Commission provided a due date for the installation of the storage tank of June 2005. This can be seen on page 4, line 23 of Decision No. 67231 which was provided during the site visit. In the intervening period, you have received numerous calls and notifications from the Compliance department relating to the delinquency of this storage tank. Then, after approximately two years of non compliance, the Commission filed an Order to Show Cause ("OSC") which resulted in Decision No. 69583. This decision called for the Company to appear before the Commission to explain why the inaction of the Company did not constitute a violation of Decision No. 67231 and specifically why Jake's Corner had failed to install the storage tank. This can be seen on page 3, line 9 and 11 of the previously provided Decision No. 69583.

In summary, after the original decisions, after numerous calls and notices, after an OSC case and after your written and verbal promise to install this storage tank, it still remains delinquent. Your comment that you understood that the storage tank was not needed is not logical in light of these facts.

Further, the Commission and A.D.E.Q are separate state agencies. Please be advised that the Commission is the entity that imposed the requirement for the installation of the storage tank. The Commission is therefore the only entity that can remove the requirement to install the storage tank.

I hope that this clarifies your understanding of the obligation for the storage tank. If you have any questions, please contact me at 602 542-0852.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian K. Bozzo". The signature is stylized with large, sweeping letters and a long horizontal stroke at the end.

Brian K. Bozzo  
Compliance and Enforcement Manager

# ARROYO WATER COMPANY

HC 6 BOX 1048 L  
PAYSON, ARIZONA 85541  
928-474-1766  
FAX: 928-474-7812

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July 26, 2007

**Mr. Brian Bozzo**  
**Arizona Corporation Commission**  
Compliance and Enforcement  
1200 W. Washington  
Phoenix, Arizona 85007  
Phone: 602-542-0852  
Fax: 602-542-2129

**Decision No. 67231**

**Re: Jakes Corner Water Company**

We would like to respond to your requests per your phone call on Tuesday, July 24, 2007. First, we are still waiting to hear the Judge's decision on our CC&N application. Also, docketed previously ( Docket # W-04249A-04-0249/W-03745A-04-0249 carbon copy, Brian Bozzo) was the documentation from ADEQ, Inspector, Pat Fenton, which eliminates the need for a storage tank and states, ADEQ did not want the potential for system contamination with the installation of an unwarranted storage tank. It was also documented that the pressure tank has adequate storage in addition to being a pressure tank. Our understanding is that the storage tank for Jakes was not needed.

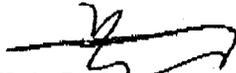
The issue with Mr. Fish and the misunderstanding over the well is being addressed.

Enclosed is the invoice for repairs at Jakes Corner well (a major capitol investment)

We will continue to provide quality service to our customers as has been done since 1964.

Please feel free to call for further information.

Sincerely

  
Kyle Parker

d#8/arroyo